

Unit 15: Finance for Administrative Managers

Unit reference number:	D/506/4212
QCF Level:	5
Credit value:	5
Guided learning hours:	31

Unit aim

The aim of this unit is to give learners knowledge and understanding of the purpose and scope of cost management accounting, the application of financial accounting, the impact of internal and external factors on budgetary planning and how to manage a budget.

Unit introduction

Financial information supports business decision making and contributes to the achievement of business goals.

In this unit, you will learn about the application of financial accounting, including the nature and purpose of the main financial statements and the features of a basic set of company accounts.

You will also learn about the impact of internal and external factors on budgetary planning in a business, including the need for short and long term budgetary plans and the relationship between functional departments and responsibility centres.

Finally you will learn how to manage a budget, including strategies used to manage budget variance and improve profitability and how management controls could be used to minimise budget deficit.

Learning outcomes and assessment criteria

In order to pass this unit, the evidence that the learner presents for assessment needs to demonstrate that they can meet all the learning outcomes for the unit. The assessment criteria determine the standard required to achieve the unit.

On completion of this unit a learner should:

Learning outcomes	Assessment criteria
1 Understand the purpose and scope of cost and management accounting	1.1 Explain the purpose and scope of cost and management accounting
2 Understand the application of financial accounting	2.1 Analyse the nature and purpose of the main financial statements 2.2 Describe the features of a basic set of company accounts
3 Understand the impact of internal and external factors on budgetary planning in a business	3.1 Analyse the need for long and short term budgetary plans in a business 3.2 Analyse the relationship between functional departments and responsibility centres
4 Understand how to manage a budget	4.1 Evaluate strategies used to manage budget variance and improve profitability 4.2 Analyse how management controls could be used to minimise budget deficit

Unit content

1 Understand the purpose and scope of cost and management accounting

Cost and management accounting: nature of cost accounting; types of costs, e.g. fixed, variable, direct, indirect; costing methods, e.g. job, batch, service; absorption costing; activity-based costing; marginal costing; nature of management accounting; management accounting as an information system; identification of managerial needs; collection of financial source data; data analysis; information reporting (financial, non-financial); quality of information; timing of reports; access to reports

2 Understand the application of financial accounting

Financial statements: purpose, e.g. measure profitability, financial stability; reporting to stakeholders, e.g. owners, managers, creditors, banks, Her Majesty's Revenue and Customs; trial balances; adjustments for prepayments and accruals; trading account; profit and loss account; appropriation account; balance sheet; structure of a balance sheet; style of presentation (narrative, T-style); legal and regulatory requirements, e.g. Companies Acts, Statements of Standard Accounting Practice; frequency of reporting

3 Understand the impact of internal and external factors on budgetary planning in a business

Short term and long term budgetary plans: short term plans relate to long term plans; existing trend, forecast, plan; resource allocation; coordination; performance evaluation; profitability; marketing strategy;

Functional department and responsibility centres: cost centre, e.g. how much money will be spent by each department; budget gone over; revenue centre, e.g. know how much money is made on sales

4 Understand how to manage a budget

Strategies used to manage budget variance: variance analysis; budget vs actual costs; forecasting; flexible budget

Management controls: highlight potential savings that can be made; reduce marketing costs

Essential guidance for tutors

Delivery

Learners are expected to enquire into the topics under discussion, to question theory and to compare and contrast theory with their professional knowledge and practice. For some learners this will mean building on existing knowledge and earlier studies, while for others it will mean drawing on experience gained in a work environment.

Delivery will be through blended learning, using business resources and class-based teaching. Standard tuition materials, texts, business simulations, exercises and formative assessments can be used. Other delivery techniques can also be used, for example, practical work, role play, tutorials, seminars and discussion groups where personal and professional practice can be shared and discussed can also be used. Learners are encouraged to engage in social learning to carry out practical work, discuss problems, consider experiences, work on case studies, prepare reports for presentation and carry out research on finance for administrative managers. Learners in work are expected to use their working context and roles to learn about the practical techniques associated with finance for administrative managers.

Assessment

This guidance supports assessors in making decisions about how best to assess each unit and the evidence needed to meet the assessment requirements. Centres can adapt the guidance for learners and the particular assessment context, as appropriate.

It is important that suitable organisations are chosen for investigation so that learners can acquire the information they need to meet the assessment criteria.

Evidence can be presented as a written report or presentation. If a presentation is used, then copies of slides, handouts and presenter notes must be included, as well as learner observation records completed by the tutor.

Using a number of case studies, financial records and budgets will help the learner achieve this unit.

For learning outcome 2, learners need to analyse the nature and purpose of the main financial statement (AC2.1) and describe the features of a basic set of company accounts (AC2.2).

For learning outcome 3, learners need to analyse, using examples the need for long and short term budgetary plans in a business (AC3.1) and analyse the relationship between functional departments and responsibility centres (AC3.2). Discussion groups may benefit learners for this learning outcome to enable them to gain examples based on their own and others experiences.

For learning outcome 4, learners need to evaluate at least three strategies used to manage budget variance and improve profitability (AC4.1) and analyse how management controls could be used to minimise budget deficit (AC4.2). Again, discussion groups may benefit learners by enabling them to gain examples based on their own and others experiences.

Evidence of Recognition of Prior Learning (RPL) can also be used within the unit to confirm competence. Wherever possible, the learning outcomes in this unit should be assessed holistically across the qualification.

Indicative resource materials

Books

Dyson J R – *Accounting for Non-Accounting Students* (Financial Times/Prentice Hall, 2010) ISBN: 9780273722977

Siciliano G – *Finance for Non-Financial Managers: A Briefcase Book* (McGraw-Hill Professional, May 2003) ISBN: 9780071413770

Websites

www.bized.co.uk – Biz/ed: material on finance and accounting

www.businesscasestudies.co.uk – The Times 100: case studies on finance and accounting

www.managementhelp.org – Free management library: articles on finance topics

www.universalteacherpublications.com/mba/free-management-library.htm – Free management library: articles on finance topics